FISCAL NOTE

Bill #: SB0372

Title: Prohibit public subsidy of certain private coal or natural gas facilities

Primary Sponsor: Toole, K

Status: As Introduced

Sponsor signature Date

David Ewer, Budget Director Date

Fiscal Summary

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
General Fund	$0	$0
Revenue:		
General Fund	$0	$0
Net Impact on General Fund Balance:	$0	$0

- ☐ Significant Local Gov. Impact
- ☐ Included in the Executive Budget
- ☐ Dedicated Revenue Form Attached
- ☒ Technical Concerns
- ☐ Significant Long-Term Impacts
- ☐ Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

Department of Revenue:

1. This bill provides that the legislature may not provide for tax credits or tax deductions for a coal or natural gas electric generation facility unless the net generating load of that facility is dedicated to in-state use at cost-based prices for customers with an individual load requirement of less than 1,000 kilowatts.
2. This bill has no impact on revenues administered by the Department of Revenue, or on the administrative expenses of the Department. (See Technical Note 2)

Department of Commerce:

3. SB 372 restricts the use of public funds, tax credits, and tax deductions for certain coal or natural gas electrical generation facilities enumerated in Section 1 of the bill. Section 2 imposes legislative restrictions unless the facilities enumerated in Section 1 are publicly owned. The restrictions imposed in SB 372 could impact two programs within the Department of Commerce; the Community Development Block Grant program in the Business Resources Division and the Value Added program in the Board of Investments.
4. The Board of Investments Value Added program currently has a loan commitment to the Thompson Falls cogeneration plant that partially burns coal. While the Value Added program provides a subsidy, it is assumed SB 372 would not impact this loan because the legislature cannot abrogate a current contract.

5. Passage of SB 372 would appear to prohibit future grants or loans from both of these programs to future projects of this type.
6. There is no fiscal impact to the Department of Commerce.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
None.

TECHNICAL NOTES:
1. The act is effective on passage and approval. It is not clear whether the restrictions in New Section 1 apply to activities, credits, and deductions that arise from law or occur after the effective date of the act, or if they apply to tax credits and deductions already in place under current law.
2. This fiscal note assumes that this bill prohibits special deductions or tax credits, not deduction of costs related to coal or natural gas electric generation facilities as ordinary business expenses. However, it is not clear that this is the proper interpretation.